Crystal Ball Gazing and Gut Checking
5 Questions to Guide your Cloud Computing Strategy
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Introduction
ENTRUST has been educating our customers about the opportunities, benefits, and hurdles of Cloud Computing for the past couple of years. We’ve published whitepapers and hosted educational seminars, yet we find that our customers still need our help and guidance in making those critical decisions. So we developed five questions to help you make good decisions about moving (or not moving) to The Clouds.

Background
I recently met with a customer to discuss the options for replacing an old set of servers. It is important to note that this was the 3rd meeting to discuss the options for replacing those old servers and much discussion had occurred prior to this final meeting. We compared the projected costs over a six-year span for the following options:

- **Option 1**: Replace all existing servers with new on-premise servers and upgrade all software to current versions in one big capital expenditure (capex) project (as has been traditional).
- **Option 2**: Replace some existing servers with new on-premise servers and move some workloads to “the cloud” while continuing to purchase all of the software as a capex.
- **Option 3**: Same as Option 2, but with a different cloud provider offering a different suite of cloud services.
- **Option 4**: Replace some existing servers with new on premise servers and move some workloads to the cloud while subscribing to the necessary software instead of purchasing it as a capex.

At the end of the review, I posed the question, “So, which way do you want to go?” With all of this carefully prepared information and after a verbal review of all of the numbers, my expectation was that the decision makers would be able to choose the option they desired.

One of the vice-presidents looked at me and said, “Mitch, I was hoping you would tell us. How do we decide?” The answer I gave him was that I was unable to give them a recommendation without further information/knowledge and that it required a degree of crystal ball gazing and “gut checking.”
Questions to Ask

It is necessary for the management team to look forward and make some guesses about what the future holds for the firm. It is also necessary to take into consideration the culture of the company and learn how they “like” to do things. Out of that conversation, I have boiled down a list of five questions to guide customers in making a decision if presented with a similar set of options.

DISCLAIMER: These questions presume that an organization has already done its due diligence to make sure that potential cloud solutions meet their needs including functionality, security, and compliance. They are intended only to help overcome the hurdle of making a financial and/or cultural decision.

Question #1:
What does the firm expect in terms of growth over the next 3 years?
In terms of number of computer users, do you expect to grow steadily, remain static, or have growth and shrinkage in cycles? If the firm has a strategic plan in place, now is the time to consult that plan. If no written plan exists, surely someone in the firm is making plans for the future. Take those plans into account.

Question #2:
Historically speaking, how has the firm approached expenditures in general?
Is the firm averse to any new ongoing “monthly” expenses? Or, on the contrary, does the firm prefer to rent/lease things instead of buying them? At the same time, firm philosophy can change. So taking the firm’s “pulse” today is just as important as the historical view.

Question #3:
Over the next three years, how much change do you anticipate in the software applications that you use today?
For example, do you have a mission critical application that you love? How likely is the vendor of that application to make a “cloud” version available? How likely is it that you would consider switching to a different vendor’s product?

It may seem that these “crystal ball” questions are too difficult to answer, but I find that many of my customers have a sufficient history with their vendors to assess how quickly and how well those vendors adopt and deploy new technology. Furthermore, they are even able to assess things like how dependent their computer users are upon intermediate or advanced features of Microsoft Office products. With this “gut check” info they can take a guess at the likelihood of a software application change being possible or accepted.
Question #4: How comfortable is the firm (especially key decision makers) with outsourcing some I.T. workloads to off-premise (cloud-based) providers?

Independent of what technologies the firm may be using in-house today, it is common to find that key decision makers are using things like web-based bill payment services or cloud-based data backup services (i.e., Carbonite, Mozy, etc.) or things like Apple’s MobileMe service in their personal lives. There are many such applications which are making people more and more comfortable with the reliability and availability of cloud services.

At the same time, people can have bad experiences with those cloud services and there is still a constant stream of “bad news” in the media about high-profile data breaches or “shutdowns.” This is another case of decision makers needing to do a gut check to learn how comfortable they are with cloud services today.

Question #5: Does the firm consider itself to be highly dependent on I.T. to run their business and deliver their services?

For some firms, if their I.T. is “down” they are completely out of business and unable to deliver their products or services to customers. Those are “highly dependent” firms. For other firms, it’s just an inconvenience and business can continue pretty much as usual and workers can just get “caught up” with computer work later when systems are back online.

Firms that are highly dependent upon I.T. are those that should move most quickly toward cloud solutions when possible, regardless of the answers to the other questions. Cloud solutions will offer the highest possible uptime at the most reasonable cost.

Analysis

Even with only five questions, there can be a large number of combinations of answers. So it’s not really possible for me to examine every combination and propose a recommended course of action for each scenario. But here are a few sample scenarios and my recommended course of action.

Scenario 1: Construction Company

Here’s how they responded:

1) Unable to predict growth and might experience volatility (growth and/or shrinkage at different times over the next three years).

2) Historically have been averse to operational (monthly) expenses and have preferred to buy equipment/software outright instead of renting or leasing. But they admit they are much more open to the idea of renting what they need.
3) Their mission critical software vendors are slow to adopt change. BUT some key decision makers pay close attention to technology advances and trends and believe there is a high probability that alternatives will be available in the future.

4) Some (younger) VPs use and love cloud-based services in their personal lives. Other, more senior (and older) management have no experience with cloud-based services but are open-minded.

5) The “office workers” or “back office” staff are totally dependent upon I.T. but construction jobs will not cease if servers or workstations happen to be down for a period of time.

**Recommendation:** This customer is clearly a “hedge your bets” customer. They should maintain some degree of on-premise equipment to support legacy applications but begin to move some workloads to the cloud where appropriate. Moving some workloads to the cloud and adopting the subscription model for some software applications will enable them to grow/shrink as needed and have their costs adjust accordingly.

**Scenario 2: Law Firm**
Here’s how they responded:

1) Has been at the same size (number of employees and computer users) for many years and expects no change.

2) Historically want to pay the lowest possible overall cost for the long term.

3) The actual work functions hardly change and they are using the same software they used years ago. They change or upgrade software only about once every 5-7 years.

4) Some staff have adopted personal devices like smartphones and tablets/pads. But generally staff do not see any compelling need to change the way they work today.

5) Staff in law firms are very much “information workers” and they spend much of their time producing, modifying, and delivering documents. At the same time, lawyers can still consult with clients and appear in court even when computers are “down.” So, this firm is not highly dependent upon I.T.

**Recommendation:** This customer would see little benefit today from moving workloads to the cloud and should stick with on-premise infrastructure and purchase software in the traditional fashion (so the costs can be amortized over the long period of usefulness). Possibly in the future, when the cost of cloud-based services drops below the amortized cost of making I.T. purchases, then the firm will be ready to move to the cloud.
Scenario 3: Property Management Firm
Here’s how they responded:

1) Expect steady growth as new properties are acquired or constructed. However there is no central infrastructure shared by all locations. Each location is more or less stand-alone. There could be periods of shrinkage if properties are sold.

2) Have no preference for capital expenditures vs. operating expenses and use both to varying degrees.

3) Software applications in use are minimal and are mostly desktop software products, but there is a need for collaboration between each location and the main office.

4) As there is little central infrastructure at the main office, no one has any attachment to any existing legacy applications and are very open to new ways of doing things.

5) Staff are not highly dependent upon I.T., BUT it is imperative that problems occurring at one location don’t impact the operations of other locations.

Recommendation: This customer is a very good candidate for cloud-hosted solutions on a subscription basis. A cloud collaboration solution could “pull together” all of the current disparate locations and provide a guaranteed “uptime” without expensive centralized infrastructure. In addition, a subscription model for their software applications allows them to grow for incremental cost or shrink and keep costs directly in line with new staffing levels.

The Crystal Ball and the Gut Check
You can see from the three scenarios that trying to synthesize the answers to the five questions into a decision is a murky business, much like peering into a crystal ball. And even when some things appear clear, people still must draw upon their instincts and do what will allow them to sleep at night.

Yet, if you will answer these questions honestly, I believe that most people will be able to reach a good decision.

ONE MORE THING: Of course, ENTRUST stands ready to help you analyze your answers and help guide you toward making the right choices for your information technology.

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